

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF COGAN COMPANY,)	
INC., D/B/A MAPLE GROVE SECTION 5)	
SEWER SYSTEM FOR A RATE ADJUSTMENT)	CASE NO. 9130
PURSUANT TO THE ALTERNATIVE)	
PROCEDURE FOR SMALL UTILITIES)	

O R D E R

On September 10, 1984, Cogan Company, Inc., d/b/a Maple Grove Section 5 Sewer System ("Maple Grove"), filed an application with the Commission to increase its sewer rates pursuant to 807 KAR 5:076, Alternative Rate Adjustment Procedure for Small Utilities ("ARF"). Maple Grove's proposed rate would produce additional revenue of approximately \$37,854 annually. In its Order of March 22, 1985, the Commission granted rates to provide additional revenues of \$15,629.

Prior to issuance of that Order, the Commission had issued two information requests in which it required Maple Grove to submit information on a number of issues, including the two issues eventually raised by Maple Grove in its petition for rehearing which was filed on April 8, 1985, which were: routine maintenance fees and maintenance expense. In its Order of April 29, 1985, the Commission granted rehearing on the two issues raised by Maple Grove, primarily because there had been no hearing prior to the issuance of the Commission's Order of March 22, 1985, since the

case was filed under the ARF procedure. Also, Maple Grove was required to submit prefiled testimony.

In its original petition for rehearing Maple Grove requested that the routine maintenance issue in this proceeding be consolidated and considered generically in Case No. 9101, The Application of Enviro Utilities, Inc., and it was agreed that testimony relating to the routine maintenance issue contained in the record in that case should be consolidated into this one. The generic hearing under Case No. 9101 was held June 5, 1985.

On September 4, 1985, Maple Grove requested that a formal hearing on the issue of maintenance expense not be scheduled, but reserved the right to file a written brief on the issue. On September 25, 1985, Maple Grove filed its brief regarding the issue of maintenance expense.

On July 23, 1985, the Commission notified Maple Grove that it had failed to give its customers proper notification of the proposed rate increase. Following the proper customer notification of the proposed rate increase, the Commission received numerous complaints from Maple Grove's customers. Therefore, a hearing was scheduled to be held October 16, 1985, at the Commission's offices at Frankfort, Kentucky, to afford the consumers the opportunity to comment and provide evidence concerning the rates of Maple Grove. Neither representatives of Maple Grove nor members of the public appeared at the scheduled hearing.

Routine Maintenance Fee

As understood, the Commission's determination with respect to the routine maintenance issue in Case No. 9101 will be followed in this case. Therefore, the findings with regard to the issue of routine maintenance found in the Order dated March 22, 1985, are affirmed.

Maintenance Expense

Maple Grove disagreed with the Commission's decision to disallow, for rate-making purposes, repair items included in the maintenance of treatment and disposal plant expense which were non-recurring in nature. The Commission considered these items to benefit more than one economic period and therefore were capital items. As previously stated Maple Grove chose to file a written brief in regard to this issue rather than request a formal hearing. Upon review of Maple Grove's brief regarding the issue of maintenance expense the Commission takes note of Maple Grove's arguments but finds that Maple Grove did not provide sufficient evidence to persuade the Commission to change from its previous decision. Therefore, the Commission affirms its findings regarding this issue of maintenance expense as contained in the Order dated March 22, 1985.

IT IS THEREFORE ORDERED that the findings and orders of the Commission's Order of March 22, 1985, be and they hereby are affirmed in all respects.

Done at Frankfort, Kentucky, this 4th day of September, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Herman, Jr.
Chairman

Richard L.
Vice Chairman

Spencer H. Williams
Commissioner

ATTEST:

Executive Director